

PLACER COUNTY BOND SCREENING COMMITTEE RULES and PROCEDURES

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CHAPTER I - GENERAL PROVISIONS

Section 1. Policy Statement on Infrastructure

The following policy statement is included as a preamble to these Rules and Procedures. The provision of adequate public facilities and services shall be in conformance with the policies of the Placer County General Plan.

The Board of Supervisors of Placer County hereby declares that:

- It is in the best interest of the present and future citizens of Placer County to provide an adequate level of service for all public infrastructure needs in the County, and;
- The timing of the provision of infrastructure is critical to maintaining adequate levels of service, and;
- In order to insure that proposed and existing development has adequate and safe levels of public services and facilities, new development should not precede the availability of infrastructure in an area, and;
- Construction of “backbone” infrastructure that is proposed to be acquired through debt financing may be allowed to proceed prior to any sale of bonds, provided adequate security shall be posted prior to the construction, and;
- The County will use appropriate mechanisms to control site development, including development agreements and conditions of approval, in order to insure that projects are not developed prematurely or inconsistent with the policies of the General Plan.

Section 2. Scope

These Rules and Procedures shall apply to the Bond Screening Committee of the County of Placer, hereinafter designated the “Committee.”

Section 3. Function

The function of the Committee shall be to review and make recommendations regarding proposed special assessment districts (“Assessment Districts”) and community facilities districts (“CFDs”). The Committee, County staff, and consultants hired by the County at the proponent’s expense will analyze information submitted by the district proponents. The Committee will then prepare a report to the Board of Supervisors giving recommendations on the advisability of proceeding with formation of the district.

County sponsored districts, i.e. districts recommended by the Health Officer or neighborhood “problem” districts, may be informally reviewed by the Committee, if requested by the Board of Supervisors. The Committee will review the

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proposal for any concerns regarding the improvements to be funded, cost, or the question of County involvement.

The Committee may employ a financial consultant, special tax consultant, engineering consultant, disclosure counsel, bond counsel, independent appraiser or other consultants as deemed appropriate by the Committee to assist the Committee in the review process. All costs for these professional services will be charged to the project proponents. (Note: See Chapter VIII regarding fees for reviews using consultant services.)

The Committee may make recommendations to the district proponent concerning proceeding with district formation as proposed or with recommended modifications.

The Committee may recommend the Board of Supervisors waive or modify any of the policies included herein if, in the Committee's judgment, benefit inures to the ultimate property owners, the CFD, Assessment District or to the County. The Board of Supervisors, in its sole discretion, may waive or modify said policies.

CHAPTER II - COMMITTEE

Section 1. Membership

The Bond Screening Committee shall consist of:

- A. The Director of Public Works
- B. The Planning Director
- C. The County Executive Officer
- D. The County Assessor
- E. The County Auditor / Controller
- F. The County Treasurer / Tax Collector
- G. The Director of Facility Services
- H. The Director of Health & Human Services
- I. The Director of the Community Development Resource Agency (CDRA)
- J. The Director of Engineering Services, CDRA

The members of the Committee shall select a Chairperson and Vice-Chairperson by majority vote.

Section 2. Alternate Members

Any officer named in Section 1(A) through (J) above may designate one of his or her subordinates to act as member of the Committee in his or her place or stead to all intents and purposes as though the officer were personally present. This shall include the right of the designated alternate to be counted in constituting a

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member to participate in the proceedings of the Committee, and to vote upon any and all matters.

CHAPTER III - COMMITTEE MEETINGS

Section 1. Meetings—Preliminary Discussion of Proposals

Upon request of a developer or property owner who wishes to make a proposal to the Committee for the formation of an Assessment District or CDF, the Chair shall schedule the proposal for discussion at the next regularly scheduled meeting of the Committee. This meeting should be held no earlier than thirty (30) days after receipt of the preliminary proposal unless the Chair determines an earlier hearing date is in the interest of the County. Generally, a preliminary proposal should include a description of the land development project (including a site plan or tentative map), the proposed public financing, a preliminary discussion of the assessment or special tax, and a preliminary discussion of the public benefit to warrant the public financing. The only purpose of such a meeting is to provide information to the members of the Committee regarding the proposal. The Chair shall call additional meetings as necessary to discuss and consider recommendations on the proposal.

Section 2. Formal Hearing

Following receipt of a complete application as described in Chapter VII of these Rules and Procedures, the Chair shall schedule a Formal Hearing of the Committee to consider the application. Unless the Chair determines an earlier hearing date is in the interest of the County, a Formal Hearing shall be scheduled for a regular meeting date of the Committee. The Committee may consider making a recommendation to the Board of Supervisors regarding the formation of an Assessment District or a CFD or the issuance of bonds only at a Formal Hearing.

Section 3. Other Meetings

The Committee shall meet regularly on the third Thursday of each month, unless cancelled by the Chair. The Chair shall schedule Formal Hearings to be heard at regularly scheduled meetings of the Committee. The Chair may convene meetings at other times to hold a Formal Hearing as may be necessary to conduct the business of the Committee.

Section 4. Meeting Rules

The Chair shall preserve order and decorum and shall decide all questions of order in accordance with Robert's Rules of Order. The Chair shall preside at all meetings and hearings of the Committee, and shall conduct the business of the Committee in the manner prescribed by these rules. In the absence of the Chair, the Vice-Chair shall act as Chair. The Chair shall also be responsible for providing the functions of a recording secretary.

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A majority of the members of the Committee constitutes a quorum for the transaction of business. A formal recommendation or action of the Committee shall require the concurrence of a majority of the full membership of the Committee. In the absence of a quorum, the members present shall adjourn and the meeting shall be rescheduled.

The business of each meeting of the Committee shall be transacted as far as possible in the following order.

- A. Roll call
- B. Public Comment
- C. Matters to be set for Formal Hearing
- D. Matters previously set for Formal Hearing
- E. Other matters

A roll call shall be taken on any motion by request of any one member of the Committee.

Section 5. Time Limit for Board of Supervisors Review

Matters appearing before the Committee and not heard by the Board of Supervisors within one hundred twenty (120) days of the Formal Hearing by the Committee are required to be rescheduled before the Committee for additional review. This review shall be completed prior to the matter being rescheduled for Board consideration.

CHAPTER IV - PROJECT REQUIREMENTS

Section 1. Definitions

1911 Act: The Improvement Act of 1911 (Streets and Highways Code sections 5000 et seq.) permits cities and counties to establish assessment districts, levy assessments, and issue bonds secured by the assessments to finance the construction of, among other things, streets, sewers and bomb shelters.

1913 Act: The Improvement Act of 1913 (Streets and Highways Code sections 10000 et seq.) provides a procedure for the formation of assessment districts and levying of assessments to finance public improvements authorized under the 1911 Act or 1915 Act. This Act does not provide for the issuance of bonds, but the 1911 Act or the 1915 Act may be used in conjunction with the 1913 Act to provide bond financing of the authorized improvements.

1915 Act: The Improvement Act of 1915 (Streets and Highways Code sections 8500 et seq.) provides for the issuance of bonds secured by assessments levied pursuant to the 1913 Act for the purpose of

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financing any work authorized by the Street Opening Act of 1903 (Streets and Highways Code sections 4000 et seq.) or any other work or improvement charged and assessed upon real property pursuant to any other law. The 1915 Act bonds differ from the 1911 Act bonds in that 1915 Act bonds represent a portion of the total debt whereas 1911 Act bonds represent the obligation associated with a particular parcel of land.

Mello-Roos: The Mello-Roos Community Facilities Act of 1982 (Government Code Section 53311 et seq.) authorized bonds to be issued through a community facilities district (CFD) to finance facilities necessary due to growth and development. Bonds issued under the CFD are secured by the levy of specified special taxes, which must be approved by a 2/3 vote of the residents or landowners within the proposed district. The special taxes are not assessments and there is no requirement that the special tax be apportioned on the basis of benefit to property. Real or other tangible property with a useful life of five or more years may be purchased, constructed, expanded, or rehabilitated.

Public Benefit: Public Benefit, as used in these rules, shall mean a benefit that also accrues to residents of the County that reside outside the boundaries of the proposed project. To the extent that Improvements are required as part of the approval of a project, and those improvements provide benefit over and above the benefit arising out of any requirements under the conditions of approval for the project, that benefit may be considered as public benefit.

The Committee will consider public financing for projects that provide substantial or regional Direct and/or Indirect Public Benefit. The Committee shall determine the existence of Public Benefit on a case-by-case basis.

A development agreement may be required in conjunction with any type of public financing for land development projects. The Committee may consider any of the requirements set forth in a development agreement as contributing to the Public Benefit of a project.

Direct Public Benefit may include, but is not limited to, off-site improvements for extending or adding capacity for sewer and water services, storm drainage, road widening, intersection improvements, bridge improvements, or other regional types of improvements correcting infrastructure deficiencies in an existing developed area.

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Indirect Public Benefit may include, but is not limited to, provision of increased primary wage earner employment, development of recreation improvements, development to increase the scenic or aesthetic appearance of an area, or the redevelopment of an economically depressed area.

The Committee may consider the following factors, among others, in determining if there exists any Public Benefit from a project:

- Oversizing of facilities, which will provide service to areas outside of the proposed project boundary and immediately adjacent properties.
- Funding and/or construction of facilities included in an approved Capital Improvement Plan in advance of their normal timing.
- Construction of a facility, which reduces an existing off site community deficiency and which is in excess of any mitigation of the project impacts.
- Purchase and dedication of land for a public facility, which is over and above what is required as a mitigation of the project impacts.
- Development of a project, which advances the County's goals for affordable housing.
- Development of a project, which will substantially increase the permanent primary wage earner employment base of the County.

Backbone Infrastructure: Backbone Infrastructure, as used in these rules, shall generally mean public facilities and improvements that are constructed to provide capacity within the project area and/or the broader region's present or future needs. The Committee may consider any of the following types of public facilities or improvements as Backbone Infrastructure:

- Connection to a regional water supply facility
- Connection to a regional sewage treatment facility
- Provision of irrigation water from a reclaimed water facility
- A roadway providing regional access
- A solution to a regional drainage problem
- Community or regional parks, including trails
- Facilities on the County's capital improvement list and or in an approved community plan such as libraries or sheriff's substations

Other types of improvements may be considered Backbone Infrastructure by the Committee at its discretion.

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Backbone Infrastructure may be located within or outside the project's boundary.

Estimated Market Price: As used in these rules "Estimated Market Price" shall mean the anticipated sales price of the completed individual residential units; and/or commercial or industrial lots and buildings; as determined by an appraiser or other consultant selected by the County. The project proponent shall provide such information as the County may require allowing the appraiser or other consultant to make an informed estimate of the Estimated Market Price.

Section 2. District Types

Public financing shall be considered when there is a demonstrated Direct and/or Indirect Public Benefit. The extent and type of Public Benefit will depend on the type of project proposed and bond authority used to finance the public improvements.

The Committee will consider two types of Districts:

- A. Construction District -- A CFD or Assessment District that requires County preparation of construction documents and administration of all improvement contracts following sale of bonds. County staff or consultants under contract to County may accomplish this administration. The administration will generally include engineering, surveying, calling for construction bids, inspection and contract payment processing. This form of district will also require a comprehensive financial plan with agreements detailing the method for covering any cost overruns. Unless compelling circumstances can be substantiated, a construction district will generally be considered only when providing improvements to existing communities, i.e. providing sewer hook-up to communities with failing septic systems.
- B. Acquisition District:
 - 1. A CFD or Assessment District formed following the completion of public infrastructure improvements by the developer(s). Sale of bonds is then accomplished to acquire the completed improvements. The County reserves the right to determine the value of the improvements to be acquired irrespective of the price paid by the developers(s).

OR

- 2. A CFD or Assessment District formed to acquire all or portions of the public infrastructure as they are completed. Improvements in an acquisition district shall be identified as specific elements of work in an "Acquisition Agreement" between the County and the

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developer(s). In any acquisition district or combination acquisition and construction district the project phases completed and proposed for acquisition must be determined to be “useable as is” by the Public Works Department.

The County will presume any financing proposed by a developer(s) to be an acquisition district.

Combinations of the above district types may also be considered in cases involving a multitude of facilities for very large districts.

Section 3. Bond and Equity Requirements

The following conditions, in general, apply to bond financing for developer-sponsored projects:

- A. A significant contribution to the project by the developer will be required to demonstrate to the County that there is a substantial commitment by the developer(s) to completion of the proposed project.
- B. There are a number of credit risks to the County associated with bond financing which could result from the applicant's failure to obtain all necessary land use entitlements, construction delays, slow market absorption, and developer bankruptcy. The Committee considers the County's credit rating to be of great importance and in reviewing the proposed financing will give great weight to the developer's contribution towards the project.
- C. The required contribution will depend on the amount and type of financing being requested, as well as the type of project being proposed. See Chapter VI -- Security Guidelines of these policies for guidelines outlining the required pre-bond sale security requirements.
- D. The project property's value-to-lien ratio shall be a minimum of 3:1 after the installation of the public improvements to be financed and considering any prior or pending overlapping special taxes or improvement liens. The value of the property shall be established by an appraiser, hired by the County, under the criteria found in Appendix A of these rules, and in accordance with the current rules of the California Debt Investment Advisory Commission. The value-to-lien ratio shall be determined utilizing premise #3 – Bulk Land Value as found in Appendix A. The Committee may determine that a higher value-to-lien ratio is required on a case-by-case basis. Value-to-lien ratios shall be applied on a parcel-by-parcel basis. Parcels not meeting the threshold, if approved, will require developer enhancement.
- E. The sale of bonds may be by competitive sale or negotiation. The type of sale shall be at the sole discretion of the County. Competitive sales are

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preferred. In case of negotiated sales, the County will use its best effort to select an underwriter by use of a competitive bid process.

- F. At least 75% of the authorized bond issue shall be for the construction and acquisition of the public facilities or acquisition of the completed facilities. In other words, the “soft” cost amounts for engineering, incidental fees, right-of-way acquisitions, etc. shall not be more than 25% of the bond issue. The reserve fund amounts, any capitalized interest or bond discount amounts funded may not be included as part of this percentage requirement.
- G. To encourage timely construction and acceptance of improvements, capitalized interest on any bond issuance shall generally be limited to the equivalent of one year’s interest on the bond amount. In no event should capitalized interest exceed the period of construction or two years, whichever is shorter, consistent with applicable State, and Federal Laws.

Section 4. General Project Requirements

Generally, the Committee will not recommend to the Board of Supervisors the formation of a special assessment district or community facilities district to construct improvements unless the following requirements are met:

- A. For residential projects, or the residential portion of mixed use projects, the total of the following special taxes, ad valorem taxes, and assessments shall not exceed two percent (2%) of the estimated market price of the subject properties as defined above including:
 - 1. Ad valorem property taxes levied by the County;

Voter approved ad valorem taxes levied by the County in excess of one percent (1%) of the estimated market price as defined above.
 - 2. Maximum special taxes allowed by any existing CFD for the payment of bonded indebtedness or ongoing services;
 - 3. Assessments or other direct charges levied for any assessment district, County Service Area, or maintenance district for the payment of bonded indebtedness or services; and
 - 4. The maximum special tax or special assessment for the proposed CFD.
- B. For non-residential projects, the projected ad valorem property tax and other direct and overlapping debt and any other direct charges or special assessments for each lot in the proposed CFD shall not normally exceed two percent (2%) at the time of issuance of the estimated market price as

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defined above anticipated; provided, however, higher limits will be considered on a case by case basis.

- C. An inventory and sales analysis of vacant improved lots in the area concludes that the development of additional lots would be in the public interest. For proposed CFD and assessment district financing, a market absorption study may be required as a basis for verification that sufficient revenues can be produced and to determine if the financing of the public facilities is appropriate given the timing of the development.
- D. A developer-sponsored district (a district composed of essentially undeveloped land subject to tentative maps, specific plan or other development permit approval) should only include parcels whose owners support the district's formation and resulting assessment or tax liens on their property.
- E. Land use determination must have progressed to a point, (e.g., approved specific plan, tentative map or site plan), that proposed development land uses and specific facility infrastructure requirements can be adequately evaluated and determined.
- F. The proponent for any public financing has entered into a development agreement to define and guarantee the improvements to be constructed and financed.
- G. Evidence of agreements or a written report on the status of required agreements with serving agencies is provided prior to a Formal Hearing on the proposed financing request.

Section 5. Project Limitations by Bond Type

A. 1911 and 1915 Act Assessment Bonds

Only the limited obligation form of 1915 Act Bond will be considered by the Committee for developer-sponsored projects. Projects using Assessment Act Bond financing must demonstrate that a significant share of general public benefit, as defined in Section 1, will result from completing the proposed improvements.

A Development Agreement entered into between the County and a developer may require the construction of improvements beyond those required for the project itself. On a case-by-case basis, the Committee may consider such improvements as contributing to the required Public Benefit.

The direct public benefit should be a minimum of 20% of the value of the total improvements to be constructed. No portion of the direct public benefit construction shall be financed through the assessment bonds.

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This direct public benefit may be in the form of off-site improvements for extending or adding capacity for sewer and water services, storm drainage, road widening, intersection improvements, bridge improvements, etc. or to correct a deficiency in an existing developed area

Projects that provide primarily indirect public benefits, such as an increased employment base, development of industry, recreation, or improvement of an economically depressed area will be judged on overall merit instead of a required minimum percentage of direct public benefit.

B. Special Tax Bonds

Special Tax Bonds issued under the Mello-Roos Community Facilities Act of 1982, as amended, shall meet the policy guidelines detailed herein, i.e. the above Section 4 General Project Requirements and the guidelines outlined in Chapter V: Policy Guidelines for the Formation of Community Facilities Districts.

Section 6. Construction Contract Requirements

The following are general construction contract requirements for districts formed pursuant to the Municipal Improvement Act of 1913 or the Mello-Roos Act of 1982:

- A. Prevailing Wages – Developer shall be obligated to meet all requirements customarily imposed upon sub-dividers and developers in such circumstances by the County or any other public agency having jurisdiction.
- B. Bids – All bids must be taken on Placer County approved plans. Sealed competitive bids are required where improvements are to be constructed and acquired following the Assessment District resolution of intention or CFD resolution of formation. Bids must be advertised for a minimum of 14 days after distribution to the builder's exchanges and construction services.

CHAPTER V - POLICY GUIDELINES FOR THE FORMATION OF A COMMUNITY FACILITIES DISTRICT

Section 1. General

Where public financing of infrastructure will contribute to the orderly development of an area in conformance with the adopted community plan, or the County's General Plan, the County may consider the use of a CFD.

It is a goal of the County, as indicated in the Placer County General Plan, "(t)o ensure the timely development of public facilities and the maintenance of specified service levels." The County has adopted the following policy to implement the goal: "The County shall ensure through the development review

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process that adequate public facilities and services are available to serve new development." Developers, working in concert with the appropriate service providers such as school districts, fire agencies and sewer and water districts and the County, may utilize CFD proceeds to satisfy all or part of the capital outlay portion of the infrastructure required for the proposed development.

Section 2. Special Tax

The proposed amount and apportionment of the special tax shall comply with the following criteria:

- A. The special tax formula shall be structured to produce sufficient annual special tax revenue to pay:
 - 1. 110% of gross annual debt service; and
 - 2. Reasonable annual administrative expenses and the cost of any services and "pay as you go" programs funded by the CFD special tax.
- B. The County may consider the transfer of a portion of the special tax between parcels in a development if the following conditions are met: (i) the decrease in the maximum special tax in one of the subject properties is offset by an equal increase on another subject property or properties to ensure that there is no overall net loss in the maximum special tax between the parcels, (ii) written consent has been received by the County from all owners of the Parcels affected by the transfer, and (iii) written consent has been granted by the County to allow such a transfer to take place.
- C. The rate and method of apportionment of the special tax may provide for an annual increase in the maximum special tax on any property.
- D. All property within the CFD not otherwise statutorily exempted or owned (or to be owned) by a public entity and to be benefited shall typically bear its appropriate share of the special tax liability.
- E. The special tax shall be allocated and apportioned based on reasonableness to all categories and classes of property receiving benefits within the CFD.
- F. A method to prepay or completely payoff the special tax after District formation shall be included.
- G. For residential projects, the projected ad valorem property tax and other direct and overlapping debt and any other direct charges or special assessments for each lot in the proposed CFD shall not exceed two percent (2%) of the estimated marked price as defined above at the time of issuance. This 2% limit shall include the maximum special tax,

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estimated CFD charges, and projected benefit assessments, levies for authorized but unissued debt, any other anticipated municipal charges, and allowance for future taxes, assessments, charges, and other forms of indebtedness which may be included on a property owner's annual tax bill. Deviations from this limit will not be permitted unless specifically approved by the Board of Supervisors.

- H. The amount of special tax on each parcel shall be determinable purely by the application of the formula without the exercise of discretion on the part of any person.

Section 3. Disclosure

Prior to formation of the District, the applicant will be required to enter into a Funding, Acquisition and Disclosure Agreement satisfactory to the County ensuring that there will be full and timely disclosure as defined by the Securities and Exchange Commission (SEC) of this and any other liens on individual parcels to existing and future property owners.

CHAPTER VI – SECURITY GUIDELINES

Section 1. General

The Committee will be concerned with the following two project security questions: (1) Does the district property have sufficient value to attract a buyer in case of a foreclosure? (2) Does the project proponent, i.e. owner or developer, have a significant financial commitment in completing their share of the project to make it very unlikely that they would abandon the land supporting the bond liens?

A higher value to lien security requirement than discussed in Section 3(B) of Chapter IV may be considered if the Committee has concerns with the developer's share of the project funding or equity in the future development of parcels requiring the infrastructure to be financed. Conversely, high value-to-lien ratios will be viewed more favorably than those just meeting the minimum requirements.

The required contribution and/or up-front security needed for a specific project will vary depending on the project types and amounts of bonding requested for individual districts. For example, a \$50,000,000 CFD to finance backbone infrastructure for a new community plan will not be viewed the same as a \$1,000,000 industrial subdivision assessment district project for "in-tract" improvements.

The security requirements will also be determined differently for single owner projects with one or two parcels being developed vs. projects consisting of many owners and a number of raw land parcels.

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To minimize the risk of a default, the County may require pre-payment or third party guarantees in an amount equal to the next fiscal years annual assessment for individual assessments or special taxes from each property owner responsible for five percent (5%) or more of the annual special assessment or special tax payments within the district and additional security may be required by the County in certain instances. The third party guarantee must be provided on or before the date of delivery of the bonds. The third party guarantee shall remain in effect, on an irrevocable basis, until the property owner's annual special assessment or special tax liability is reduced below five percent (5%). New property owners responsible for five percent (5%) or more of the special assessment or special tax payments within the district may be required to provide third party guarantees or pre-payment. Third party guarantees shall be in a form acceptable to the Treasurer/Tax Collector and County Counsel.

It will generally be the County's policy to pursue accelerated judicial foreclosure.

Section 2. Assessment Districts

1915 Act: The developer's contribution to the financing required for in-tract public improvements, (i.e. streets, utilities, storm drainage, etc. within the subdivision boundary), will be a minimum of twenty-five percent (25%) of the estimated cost of those improvements (based on approved improvement plans) The Committee reserves the right to require additional contributions for projects requiring over \$5,000,000 in bond financing. Note that the "offsite" portion of the project cost will not be subject to the above contribution requirement if it meets the "general public benefit" determination discussed in Chapter IV Section 5.A.

Section 3. Community Facilities Districts

The Committee, on an individual project basis, will determine the needed project security for CFDs. As an example, a CFD that proposed to fund offsite infrastructure would require a showing by the applicant of substantial equity in the future development of the parcels requiring the offsite infrastructure.

For new development, the applicant will be required to demonstrate an ability to pay all assessments and/or special taxes before full build-out has taken place. This information should be detailed in a financing plan that includes the project description, a discussion of land ownership, developer background, equity commitments and project build-out assumptions.

CFDs proposed to fund a portion of the project's internal infrastructure would have the contribution requirements noted for Assessment District bonds for on "onsite" work as set forth in Section 2 above.

An acquisition agreement, in a form acceptable to the county will be required on all CFD financing. Included in this agreement would be any security requirements designated by the Committee such as financial instruments guaranteeing payment of taxes until specified property values are obtained,

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conditions on release of any escrowed bond proceeds, security requirements required of new owners, etc.

Section 4. Disclosure Guidelines

Initial Disclosure: Developer(s) and property owner(s) shall provide all information requested by the County, its bond counsel, disclosure counsel, financial advisor, underwriter, the Municipal Securities Rulemaking Board and appraiser which, in the opinion of such entities or persons, is necessary for the County to comply with federal and state laws and regulations regarding initial disclosure for sale of municipal securities.

Continuing Disclosure: Developer(s) and property owner(s) shall provide continuing information to County, or, at the County's option, directly to State and National Repositories, which is required by the County, in its opinion or in the opinion of bond counsel, disclosure counsel, financial advisor, underwriter or the Municipal Securities Rulemaking Board, to comply with federal and state laws and regulations regarding continuing disclosure for municipal securities.

Prior to the issuance of any securities, developer(s) or property owner(s) shall enter into an agreement to provide such information on a complete and timely basis for annual, quarterly and material event reporting.

CHAPTER VII – HEARING SUBMITTAL REQUIREMENTS

Section 1. Hearing Purpose

At least one Formal Hearing shall be held by the Committee to review each project requesting the County approve the formation of an Assessment District or CFD. The Committee shall make written recommendations to the Board of Supervisors on the acceptability of the project for Assessment District or CFD financing.

Section 2. General Requirements

Assessment Districts

For Assessment Districts proposed by landowner-residents, a preliminary approval may be requested after the Committee's review and approval of the submittal of the information noted in Section 3 - Assessment District Preliminary Approval.

All other types of Assessment Districts must comply with the requirements listed in Section 4 prior to the Committee making a recommendation for approval of a Resolution of Intention and/or request for authorization to sell bonds.

Community Facility Districts

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A proposal to form a CFD may, at the discretion of the Committee, be considered at a single Formal Hearing or may require more than one Formal Hearing. A first Formal Hearing may be required to consider the formation of a CFD, and after the CFD has been formed, a second Formal Hearing may be required to consider a recommendation regarding the sale of bonds for the District. At the discretion of the Committee, both of the recommendations to the Board may be considered at a single Formal Hearing.

Upon conclusion of the formal hearing on the formation and/or bond sale of an Assessment District or CFD, the Committee shall take the matter under consideration and shall, within thirty (30) days from the conclusion of the hearing, forward to the Board of Supervisors its findings and recommendations. The Developer will be notified of the Committee's recommendation.

Section 3. Assessment Districts - Preliminary Approval

Where formation of an assessment district is requested by the landowner-residents of an area, the Committee may make a preliminary recommendation of approval to the Board of Supervisors. This section identifies those instances where a preliminary approval will be considered and the requirements for a recommendation to the Board.

Preliminary approval may be obtained only for assessment districts formed at the request of landowners-residents of an existing community where a specific infrastructure improvement is proposed to correct an existing infrastructure deficiency, or an improvement to existing infrastructure.

Examples of improvements to be considered for preliminary approval include an existing community with failing wells or septic systems, or improvements existing sewer systems. This section shall also apply to existing communities that desire to fund improvements to infrastructure such as undergrounding of existing aerial utilities, or an increase in capacity of existing water or sewer systems.

Prior to the Committee making a recommendation to the Board of Supervisors, these rules normally require the proponent to provide the information listed in Section 4 and the Committee to hold a Formal Hearing of the Committee. The Formal Hearing would result in a recommendation of approval or denial to the Board. In the cases identified in this section, the Committee may recommend to the Board the preliminary approval of the formation of a district and financing. This approval, if granted, is intended to give the landowner-residents the certainty to proceed with the preparation of reports and documents to meet the requirements for Formal Hearing for recommendation of formation of a district and sale of bonds.

Upon receipt of the following information submitted by the landowner-residents the Chairman may call a Formal Hearing of the Committee to consider a recommendation to the Board for preliminary approval of an assessment district:

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- a) A statement from the applicant showing how the development or improvement will contribute to the health, public safety, or general welfare of the community. Also, refer to chapter IV for additional information on the requirements of this item.
- b) A display map at an approved scale setting forth the proposed district boundaries and existing assessor parcels within the area to be assessed.
- c) A general description of the project, including such things as land use, lot size, neighboring development, and project's relationship to the community and a vicinity map.
- d) A preliminary Engineer's Estimate of costs, (Note: including construction items, design engineering, legal fees, County Inspection, County Administration, etc.) and a written description of the proposed assessment spread.
- e) A statement of the proposed source, location and availability of necessary utility services, including electricity, telephone, sewer, water and garbage service. These shall be required only to the extent that they apply to the proposed improvements to be financed.
- f) A copy of the Assessor's public records showing the current assessed value for each lot/parcel to be included in the district.
- g) A list of all existing and anticipated bond indebtedness, including any additional public services that may be required in the future.
- h) Evidence of community support or local landowner interest in proceeding with the project.

The proponent shall provide as many copies of each document as the Chair may require. The Chair, at his or her discretion, can set the consideration of a proposal for preliminary approval for any meeting of the Committee as a Formal Hearing if he is satisfied that the applicant has done the necessary preparation for the Committee to give consideration to the item.

This section is not intended to apply to a proposal for financing of improvements in a district composed of unimproved land subject to discretionary approval by the County of a development entitlement such as a tentative map or specific plan.

Section 4. Formal Hearing Requirements

The following information shall be required to be submitted to the Committee by proponents of a proposed Assessment District or CFD prior to a Formal Hearing where the purpose of the Formal Hearing is to consider formation of a CFD or Assessment District or for the issuance of bonds, or both. The Chair may,

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depending upon the purpose of the Formal Hearing, allow the proponent to defer submittal of any of the following information if the Chair determines the information is not necessary for the Committee to make its determinations at that Formal Hearing. The Committee may waive any of these requirements or require additional or updated information in its discretion based on the scope of the proposed development. The proponent shall provide as many copies of each document as the Chair may require.

- a) A written explanation from the applicant describing the public benefit of the project and showing how the development would contribute to the health, welfare, or public safety of the area. Also, refer to Chapters IV and V for additional information on the requirements of this item.
- b) A map (for display) at an approved scale, setting forth the proposed district boundaries and existing assessor parcels within the area to be assessed.
- c) Preliminary Title Report showing current ownership and tax status.
- d) A set of complete improvement plans reviewed or approved by the County of Placer. When proceedings include construction of a sewer or water treatment plant, sets of completed plans for the construction shall be submitted to the Facilities Services Department and the Department of Health and Human Services.
- e) An analysis outlining the fiscal impacts of development and how the need for county services and capital facilities will increase due to:
 - (1) Residential growth;
 - (2) Commercial growth;
 - (3) Industrial growth, which occurs within the proposed CFD.

The applicant will be expected to present, as part of the analysis, a mitigation program for impacts identified.

- f) A breakdown on the Engineer's Estimate of cost, based on the Improvement Plans approved by the County. The cost estimate shall include construction, engineering, legal fees, County inspection, County administration, etc. The cost estimate shall also show that the 75% rule detailed in Chapter IV, Section 3D has been met.
- g) The proposed assessment spread method or special tax formula.
- h) Evidence from the Treasurer/Tax Collector certifying that all taxes due have, in fact, been paid, or in lieu thereof, secured by a letter of credit or certificate of deposit acceptable to and approved by the Treasurer/Tax Collector.

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- i) Where applicable, a letter from the public utility district or private company setting forth the cost that will be incurred for sewer or water hookups.
- j) Letters/agreements from the serving utilities stating they agreed to accept the facility and provide service.
- k) A signed statement from developer indicating the high, low and average price per lot at which he intends to sell the developed subdivision parcels after improvements have been constructed.
- l) A statement from a certified real estate appraiser in the area as to his opinion of the fair market value of each lot/parcel after improvements are completed. The format and information required in the appraisal shall be as detailed in the attached Appendix "A."

The appraiser shall be selected by and contracted with Placer County. The applicant shall pay all costs associated with the appraisal. Before authorizing the appraiser to proceed, the developer shall deposit with the County funds equal to the cost of the appraisal included in the contract for the work. The County shall solicit two proposals from appraisers included on the County's list of approved appraisal firms. The proposals will be evaluated by the County before selection of a firm. The developer will be advised of the expected cost prior to award of a contract.

- m) A list of all existing and anticipated bond indebtedness, including any additional public services that may be required in the future.
- n) For CFDs: A detailed financing plan, including project description, financing strategy, cost allocations, bond sizing detail, revenue and expenditure schedules, and the proposed tax formula.
- o) A pre-application and processing deposit, as detailed in Chapter VIII.
- p) Evident of or written report on the status of agreements with serving agencies as noted in Chapter V, Section 1.

Additional information for raw land subdivision improvements or from major developers to be included in the district:

- q) A complete financial statement from each developer-property owner responsible for more than 10% of the initial debt service. The financial statement(s) shall be submitted with the formal hearing package and contain the information specified in the sample "Developer Information Form" attached as Appendix B.

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- r) A comprehensive project description, including project phasing plans, public service facilities to be financed, land acquisitions required, including all of the following:
- (1) Documentation of CEQA clearance.
 - (2) Right-of-way information, including maps, cost estimates and information on owner's support for the project.
 - (3) Drainage Studies, including hydrology and hydraulics reports for major stream crossings and any flood plain encroachments, high water mark data, site maps to the satisfaction of the Division of Engineering Services, CDRA.
 - (4) Sewer and water facilities planning studies detailing service areas, operations and maintenance requirements/agreements, alternative, rates, a wastewater management plans if required, to the satisfaction of the Department of Facility Services.
 - (5) Existing utility relocations required including description of work required, maps, cost estimate, copy of executed or proposed utility agreements, etc.
 - (6) Highway design report with technical information on traffic studies, design speeds, typical cross sections, erosion control, soil surveys, pavement design, intersection diagrams including traffic signal and lighting layouts where required, to the satisfaction of the Department of Public Works.
 - (7) Detailed construction costs estimates showing quantities, unit prices, contingency amounts, etc.
 - (8) A complete project cost estimate, including construction, engineering, acquisition, incidental costs, agency fees, capitalized interest, bond discount, bond reserve, etc.

CHAPTER VIII – FEES

Section 1. General

It is the policy of the County that owners of properties improved through Assessment District or CFD proceedings pay all County and associated costs of such proceedings and other costs incurred in advance of any bonds being sold. Therefore, on all developer-initiated applications, the developer will be required to deposit sufficient funds to pay all actual costs incurred or to be incurred. Any failure to do so within ten (10) days of demand by the County will be grounds for

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termination of all activities by the County and by the consultants retained for the purpose of the financing.

Section 2. Pre-application and Processing Deposit

A pre-application and processing deposit ("Deposit") will be required in an amount determined by the Chair based upon the size and character of the proposed district and the estimated costs of reviewing the proposal. This deposit will be used to cover the initial costs of County staff and specialized consultant advice, if needed, for any meetings and application review required prior to and following the formal hearing. This deposit is required prior to second meeting or substantial work by staff relative to an application.

The Deposit shall be placed in an interest bearing trust account. As the County departments incur expenses during the processing of the financing district, while undertaking legal proceedings, and/or prior to any bond sale(s), the cost of any services and expenses incurred or obligated will be paid out of the trust account. In calculating the balance in the account, adjustments shall be made for committed expenditures not yet paid. The Chair may require additional sums be deposited as and when necessary to pay the costs of reviewing and processing the application.

Any balance remaining in this trust account and not encumbered shall be returned to those advancing such funds after bond sale or upon receipt of the applicant's request to not proceed with the assessment or CFD process.

Section 3. County Fees to be Included as District Incidental Expenses

Appropriate fees shall be included in Incidental Funds of the Assessment District or CFD to reimburse the County for administration and processing costs.

A. Assessment Districts

County Administration Fee -----2% of Construction Cost

Pre Bond Sale Processing Costs -----(See Note 3)

County Inspection Fee ----- Per Section 19.265 of LDM *(2)

County Engineer of Work Fee ----- Scaled % of Amount to Bond
(See Note 4)

Treasurer's Bond Fee ----- Per Current Fee Schedule

B. Community Facility Districts

County Administration Fee ----- (See Note 1)

Pre Bond Sale Processing Costs ----- (See Note 3)

County Inspection Fee ----- Per Section 19.265 of LDM *(2)

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County Engineer of Work Fee ----- Scaled % of Amount to Bond
(See Note 4)

Treasurer's Bond Fee -----Per Current Fee Schedule

Notes:

1. The annual amount to be included for County CFD administrative costs will vary depending on project complexity. Larger projects will require from \$35,000 to \$50,000 per year to be included in the revenue collected from the special tax.
2. Construction districts may require additional fees for inspection and the first two years of project administration.
3. The pre bond sale reimbursable costs incurred by the district proponents, (i.e. costs from Section 2 above), may be included in the incidental expenses of the bond issue.
4. The engineer of work fee shall be an amount equal to 2% of the amount assessed not exceeding \$1 million, plus 0.5% of that portion of the amount assessed exceeding \$1 million up to a maximum fee of \$65,000, i.e. a \$10,000,000 project or greater.
5. All fees subject to annual fee adjustment.

APPENDIX A

CRITERIA FOR APPRAISALS

- A. Definition of Appraisal:** An appraisal is a written statement independently and impartially prepared by a qualified appraiser setting forth an opinion of defined value of an adequately described property as of a specific date, supported by the presentation and analysis of relevant market information.
- B. Appraiser Qualifications:** The minimum requirement is status as a Certified General Appraiser issued by the State of California Office of Real Estate Appraisers, a professional designation from a recognized appraisal organization such as the MAI designation of the Appraisal Institute, and prior experience appraising property of the type included within the proposed project.
- C. Standards of Appraisal:** The format and level of documentation for an appraisal depend on the complexity of the appraisal problem. A detailed appraisal shall be prepared for complex appraisal problems. A complete appraisal shall be prepared in accordance with CDIA's Guideline the Uniform Standards of Professional Appraisal Practice (USPAP) in effect as of the date of value, and to the extent appropriate, the Uniform Appraisal Standards for Federal Land Acquisition. An appraisal must contain sufficient documentation, including valuation data and the appraiser's analysis of the data, to support his or her opinion of value. At a minimum, the appraisal shall contain the following items:
1. The purpose and/or the function of the appraisal, a definition of the estate being appraised, and a statement of the assumptions and limiting conditions affecting the appraisal.
 2. An adequate description of the physical characteristics of the property being appraised, locations, zoning, present use and analysis of highest and best use.
 3. All relevant and reliable approaches to value consistent with commonly accepted professional appraisal practices. If a discounted cash flow analysis is used, it should be supported with at least one other valuation method such as a market approach using sales that are at the same stage of land development. If more than one approach is utilized, there shall be an analysis and reconciliation of approaches to value that are sufficient to support the appraiser's opinion of value.
 4. A description of comparable sales, including a description of all relevant physical, legal and economic factors such as parties to the transaction, source and method of financing, and verification by a party involved in the transaction.
 5. A statement of the value of the real property.

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6. The effective date of valuation, date of appraisal, signature and certification of the appraiser.

D. Conflict of Interest: No appraiser or review appraiser shall have any interest direct or indirect in the real property being appraised for the Agency that would in any way conflict with the preparation or review of the appraisal. Compensation for making an appraisal shall not be based on the amount of the valuation.

E. Assessment District or Community Facilities District Appraisal Premises: The valuation proposed Assessment Districts or CFD's should be based on the following three premises:

1. Raw Land Value--Premise #1: The total land within the project is valued "as is,"
 - a) With any existing infrastructure.
 - b) Without proposed infrastructure being financed.
 - c) With existing parcel configuration.
 - d) Considering planned densities allowed by the specific plan of the project.

This is a typical type of land valuation.

2. Project Buildout Value--Premise #2: The total land within the project is valued under projected conditions.
 - a) With all proposed infrastructure being financed completed. Evidence must be provided that all financing is in place prior to any bonds sold.
 - b) At the planned densities allowed by the specific plan.
 - c) Land development is at the stage of being marketed to merchant builders or final tract maps ready to be filed.

This is a projected value based on project plans predicated on market conditions continuing as projected and discounted to today's market values.

3. Bulk Land Value--Premise #3 The total land within the project is valued under projected conditions.
 - a) With proposed infrastructure being financed and completed.
 - b) With existing parcel configuration.
 - c) Considering planned densities allowed by the specific plan of the project.

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This premise should consider a discounted or “quick sale” valuation considering time, costs and the possibility of a per unit value based on the total size of the project.

F. Additional Services

At the direction of the Committee the appraiser’s scope of services may include either or both of the following:

1. A market absorption study for the proposed project.
2. An opinion as to the Estimated Market Price defined in “Chapter IV – Project Requirements - Section 1. Estimated Market Price” Completion of this service will require submittal of adequate description of the proposed lots, proposed amenities and description or examples of the finished structures.

APPENDIX B

DEVELOPER INFORMATION FORM

I. OWNERSHIP and FINANCIAL INFORMATION

- (a) Name of owner of the Property (the “Developer”):

Please describe the ownership structure. Include description of any partnership or other arrangements, and names of all general partners or members. Attach resumes of essential individuals.

- (b) Please attach copies of the most recent audited annual and quarterly financial statements of the Developer. If Developer is a publicly held company, please provide copies of the most recent 10Q or 10K filing.
- (c) Include at least one reference from a bank or financial institution.
- (d) Specifically, information on actual and projected absorption, information on the sources of capital to finance the project, consolidated cash flow statements for the development project, material changes in project costs, status of bank loans and equity participation.

Note: Financial statements and information obtained from bank references are necessary as part of the Underwriter’s investigative process. Such material will remain strictly confidential unless and until published as part of the Official Statement.

II. PROJECT INFORMATION

- (a) Name of Project:
- (b) Size of Project
- i. Number of gross acres:
 - ii. Number of developable acres:
 - iii. What is the number of acres developed to date?
- (c) List the Assessor’s Parcel Numbers that Developer currently owns or controls.
- (d) How long has Developer owned the property?
- (e) Described the existing land uses on the property where the Project will be built:

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- (f) Is any development currently underway on the property where the Project will be built? ☐ YES ☐ NO.

If yes, please give a general description and provide information as to estimated construction value, if available.

- (g) Describe the Project (i.e., number and type of residential units, commercial square footage, industrial square footage, recreation uses, other public uses):

- (h) Describe the expected timing of Project buildout. If available, please list-projected sales by year.

- (i) What is the status of land use approvals for the property remaining to be developed in the District (i.e., briefly describe any Development Agreement, Specific Plan, tentative map and final map status)? Please provide copies of any Development Agreement and Specific Plan, including all amendments thereto.

- (j) (i) Has an environmental impact report or negative declaration been approved for the Project? ☐ YES ☐ NO.

If yes, please provide a copy. If not, what plans have been made to obtain such approvals?

- (ii) Has a soil report been prepared for the Project? ☐ YES ☐ NO.

If YES, please provide copies of all reports.

- (k) Are any impact fees owed as a condition to developer? ☐ YES ☐ NO.

If yes, please describe.

- (l) Are there any endangered species habitats on the property?
☐ YES ☐ NO.

If yes, please describe.

- (m) (i) Are there any legal impediments to final development of the Project?
☐ YES ☐ NO.

If yes, please describe.

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- (ii) Are you aware of any proposed restrictions on the rate of future growth in the jurisdiction where the Project is to be located which may impact the development of the Project (i.e., proposed growth control ordinances or initiatives)?
_____YES _____NO

If YES, please explain:

- (n) Are there any geological impediments (earthquake faults, high ground water, soil slippage, etc.) to final development of the Project? If so, please describe.
- (o) List any approved tentative, final or parcel maps and provides a copy of all map conditions.
- (p) What are your long-term plans for the property: i.e., sales to merchant builders, sale of product to end users, long term hold, etc.?
- (q) Is there any existing trust deeds/loans on the property to be developed?
_____YES _____NO.

Please state the name of the lender and the approximate loan amount.

- (r) Has construction financing for the Project been obtained? _____YES _____NO.

If yes, please describe the source and amount of such loan and copies of the loan documents.

- (s) Have all property taxes on the property been paid current? Have any property taxes or assessments on the property been delinquent at any time during the past five- (5) years? _____YES _____NO.

If yes, please explain.

- (t) Has the Developer, or any individual or entity which has an ownership interest in the Developer, ever defaulted or been delinquent in the payment of a special tax or an assessment on property owned by it? _____YES _____NO.

If yes, was a judicial proceeding initiated?

- (u) Is the Developer, or any individual or entity, which has an ownership interest in the Developer, now in default on any loans, lines of credit or other obligation, or has the developer (or related entity) been in default on any loans lines of credit or other obligation in the past two years? _____YES _____NO.

If yes, please explain.

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- (v) Has the Developer, or any individual or entity which has an ownership interest in the Developer, ever filed for bankruptcy or been declared bankrupt?
_____YES _____NO

If yes, specify date, case number, name under which the bankruptcy was filed, and location of court where bankruptcy action took place.

- (w) Has any claim been made or suit been filed, or is any claim or suit now threatened against the Developer or the property with respect to the Project?
_____YES _____NO

If yes, please attach a copy of the complaint, or if unavailable, please list the court in which the action is pending and the case number, or if the claim or action has not yet been filed please attach any documents summarizing the claim or action:

- (x) Please attach a copy of the most recent preliminary title report for the property.
- (y) Please attach a copy of the most recent tax bill for the property and evidence that current installments due have been paid.

III. RELATED PROJECT INFORMATION

- (a) Has an absorption study been done for the Project within the last two years?
_____YES _____NO.

If yes, please provide a copy.

- (b) Has an appraisal been done for the property within the last two years?
_____YES _____NO.

If yes, please provide a copy.

IV. EXPERIENCE AND FINANCIAL CAPACITY OF DEVELOPER

- (a) Describe the development experience of the Developer and its essential management personnel. If necessary, attach a description.
- (b) Please provide corporate literature and sales brochures, if available.
- (c) Have you prepared a business plan and/or pro forma for the proposed Project?
_____YES _____NO.

If YES, please attach a copy.

If NO, please prepare a detailed pro forma and provide it as soon as possible.

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V. NOTICE REGARDING DISCLOSURE

The Securities and Exchange Commission recently adopted amendments (the "Amendments") to Rule 15C2-12 under the Securities Exchange Act of 1934 relating to certain required disclosure information that must be made available to prospective purchasers of municipal bonds. Under the Amendments, certain material information must be disclosed (i) in connection with the initial offering of bonds with respect to "material persons" and (ii) on an ongoing basis with respect to "obligated persons." Whether a property owner/developer might be a material person or an obligated person will depend on all of the facts and circumstances. If the information you provide in response to this questionnaire indicates this might be the case, the financing team will review with you the information that may need to be disclosed to potential bond investors in order to satisfy the Amendments.

Who is the appropriate contact person for the Project?

Name: _____

Printed Name: _____

Title: _____

Phone Number: _____

The undersigned hereby certifies that all responses provided herein are true and correct.

By: _____

Printed Name: _____

Title: _____

Date: _____

APPENDIX C

**Before the Board of Supervisors
County of Placer, State of California**

In the matter of: A RESOLUTION ADOPTING
THE RULES AND PROCEDURES OF THE
BOND SCREENING COMMITTEE

Resol. No: 2006-354

Related to Ord. No: _____

NOW, THEREFORE, BE IT RESOLVED, by the Board of Supervisors of the County of Placer, State of California, that the attached Rules and Procedures for the Bond Screening Committee are adopted to be effective January 1, 2007;

BE IT FURTHER RESOLVED AND ORDERED that the above noted rules supersede those rules adopted by Resolution 2000-281, November 21, 2000.

The following Resolution was duly passed by the Board of Supervisors of the County of Placer at a regular meeting held on December 19, 2006

by the following vote on roll call:

Ayes: WEYGANDT, HOLMES, KRANZ, SANTUCCI

Noes: NONE

Absent: NONE

Signed and approved by me after its passage.


Chairman, Board of Supervisors

Attest:

Clerk of said Board

